

ALASKA ECONOMIC

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The Denali Borough

At the age of 10, its economy
rests on mine, missiles and park

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The Denali Borough

by Neal Fried and
Brigitta Windisch-Cole
Labor Economists

At the age of 10, its economy rests on mine, missiles and park

Most people associate Denali with the nation's highest peak and little else. But the people that live in the Denali Borough or are familiar with it know there is a lot more to the local economy. The mountain is the area's biggest asset, but there are other important players. Denali is one of the youngest boroughs in the state—it turned 10 in December 2000.

From a population and employment standpoint, it is one of the smallest. For its size, this rural borough has one of the most diverse and eclectic economies in the state. More often economies of such size or larger rely on one or possibly two major industries. The Denali Borough defies this stereotype by standing solidly on three legs. The three well-defined enterprises that give the borough most of its oomph are Denali National Park, Clear Air Force Base, and Usibelli Coal Mine. Associated with the mine is a large electrical power generation plant that exports electricity to Fairbanks and other Interior communities. Providing support services to Parks Highway traffic is another source of economic activity.

Geographically, the borough is large. It covers more than 12,000 square miles, making it larger than the state of Maryland. Nearly all of its 1,893 residents live along a 70-mile stretch of the Parks Highway. (See Exhibit 1.) Anderson, Cantwell, Ferry, Healy and McKinley Park are the five identified communities in the borough. The City of Anderson defines its northern boundary and Cantwell its southern. Fairbanks, where Denali residents obtain most services, is 110 miles up the Parks Highway.

Interesting demographics—older population, fewer women, slow growth

Distinctive demographics color the area. For example, the median age of the borough's population is 37.6 years, a full five years older than the state's. (See Exhibit 2.) This is not because more seniors live there. Only 3 percent of the population is 65 years and older, versus 6 percent statewide. It is the large contingent of baby boomers that raises the age statistics. About 43 percent of the population is between the ages of 35 and 54, versus 33 percent statewide. There are also fewer young children. Far more borough residents live alone and fewer live in family households (this means living with at least one person who is related). The ratio of men to women certainly evokes

Population 2000

Denali Borough and its communities

Denali Borough	1,893
Anderson	367
Cantwell	222
Ferry	29
Healy	1,000
McKinley Park	142
Remainder	133

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

2 The Denali Borough

A snapshot of 2000 statistics

	Alaska	Denali
Population	626,932	1,893
Denali's population is older,		
Median age	32.4	37.6
less racially diverse,		
White	69.3%	85.7%
Native American	15.6%	4.8%
Black	3.5%	1.4%
Asian	4.0%	1.5%
Native Hawaiian, other Pacific Islander	5.0%	0.4%
Other	1.6%	1.0%
Two or more races	5.4%	5.2%
has fewer children and seniors, more baby boomers,		
Under 5	7.6%	5.2%
Boomers (35 to 54 year-olds)	33.3%	43.2%
Percent 65 years and over	5.7%	3.1%
and considerably fewer females.		
Percent female	48.3%	41.8%
Type of households:		
Average family size	3.28	3.03
Family households	68.7%	57.7%
Married couple family	52.5%	48.4%
Female householder, no husband present	10.8%	4.5%
Householder living alone	23.5%	35.0%
More are unemployed.		
Percent unemployed	6.6%	9.7%
Income is higher.		
Personal per capita income (1999)	\$28,546	\$38,410
Housing characteristics are distinctive.		
Average household size	2.89	2.28
Vacant housing units	15.1%	41.9%
Seasonal or recreational housing	8.2%	30.5%

some of Alaska's frontier tradition. Only 42 percent of residents were female, or stated another way, there were 139 males for every 100 females. Racially, the borough is far less diverse than most of the rest of the state. Nearly 86 percent of the population is white and 5 percent is Native American.

The area's population grew by only 7.3% during the past decade, compared to the state's moderate growth of 14.0%. This is somewhat surprising considering the growth in the park's visitation over the past decade and the stability in the rest of the borough's economy.

Denali National Park is the big player

Although the borough is blessed with a relatively diverse economy, Denali National Park plays the dominant role. The park was established in 1917 and has expanded over the years. It now covers 9,375 square miles and 70 percent of the entire Denali Borough. According to park figures, visitation has nearly tripled over the past 20 years. (See Exhibit 3.) In 2000, 364,000 visitors entered the park, making it the fifth most popular destination in the state, according to the Division of Community and Business Development.

An increase in the number of hotels and other accommodations has accompanied the impressive growth in visitors. In 1980, the Park Service counted 133 hotel rooms near the park's entrance. Just 20 years later the borough counted nearly 1,800 rooms, 800 rooms more than in 1993. The most recent addition came in May of this year with the opening of the new 154-room Grande Denali Lodge. Bed tax collections also document the recent growth in overnight accommodations. (See Exhibit 4.) In addition to the rooms, there are 339 cabins and 569 RV spaces. (See Exhibit 5.) This does not include the 270 camping and RV spaces inside the park.

Source: U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis; Alaska Department of Labor and Workforce Development, Research and Analysis Section

Denali Visitor Numbers Nearly Triple since 1980

3

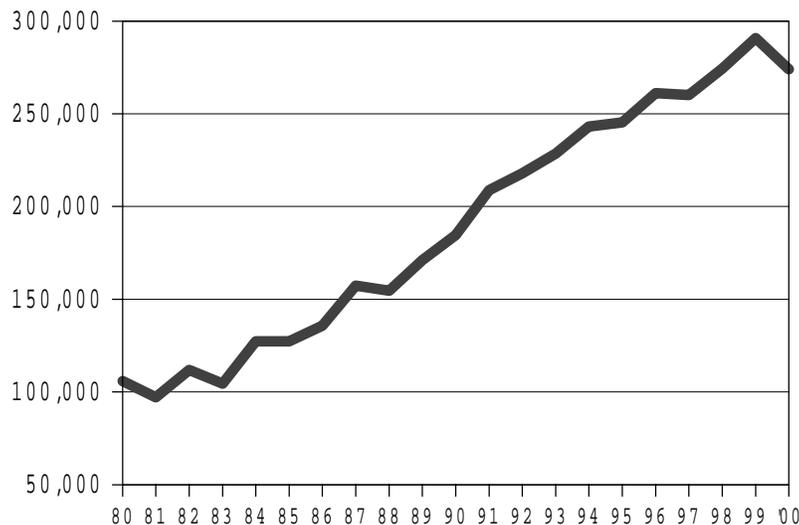
During any of the summer months, the resident population of 1,893 is swelled by a sea of visitors and the workers who cater to them. By conservative estimates, the population of the area at least triples during the summer season. The growth in the park's popularity explains both the dynamic changes that have taken place in the borough's workforce over the past decade and its dramatic seasonality.

Retail and service employment plays a prominent role in the area's workforce because of the sheer number of hotels, rafting operations, sightseeing tours and other visitor related activities. (See Exhibits 6 and 7.) Even transportation is proportionately greater in the borough than most other places because of the vast network of buses that transport nearly all visitors into the park. More than half of the top 20 employers in the borough are directly linked to park activity. (See Exhibit 8.)

From the trough to peak months of the year, employment nearly triples, and nearly all of this change is tied to the park. During the four or five winter months, employment directly related to the park centers on the 80 permanent park personnel and limited maintenance and caretaker activity. This extreme seasonality becomes very evident in the Department of Labor and Workforce Development's unemployment numbers and its resident hire data for the Denali Borough. A major reason for the borough's higher unemployment rate is the short work season for park employees. (See Exhibits 9 and 10.)

Even more telling is the fluctuation in the jobless rate during the course of a year. It peaked at 17.7% in January 2000 and dropped to 3.1% in July. Workforce residency data reveals this perennial seasonal drama. In 1999 (the most recent data), 39 percent of the private sector wage and salary workforce in the borough were nonresidents of the state. (See Exhibit 11.) Another 42 percent of the workforce lived

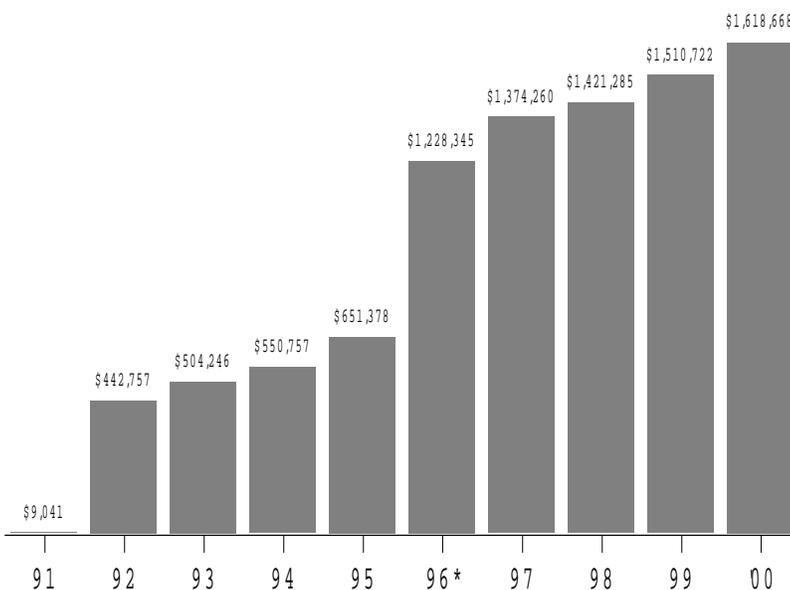
Visitation past mile 15 of park road in Denali National Park



Source: National Park Service

Overnight Accommodation Tax The Borough's major source of revenue

4



* In 1996 the accommodation tax increased from 3% to 7%

Source: Denali Borough

somewhere else in the state, and are referred to as “other Alaska Residents.” Stated differently, more Alaskans from outside the area work in the borough (in mostly seasonal jobs) than live there year-round. The resident workforce is much more heavily concentrated around the mine, the schools, power generation, and the military base where work is less seasonal.

Although most activity in the park shuts down during the winter season, its economic presence is felt throughout the year. Many Denali residents who work in the park earn their living during part of the year but spend their earnings throughout the entire year. Bed taxes collected by the borough are also an

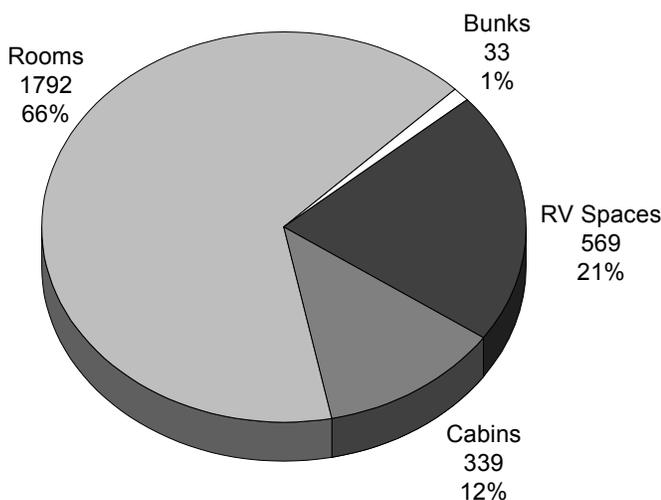
important source of economic activity to the area. Nearly 86 percent of the borough’s revenue comes from bed tax collections and this income flow is spent throughout the year.

The immediate future is tied to the park

Visitor activities in and around Denali National Park are the most dynamic ingredient in the area’s economy, and they are also the most important shaper of the borough’s future. If this assumption is correct, then growth in the borough could be restrained by the carrying capacity of the park. According to the National Park Service, if visitor activities and facilities are not expanded, the road leading into the park will reach its maximum carrying capacity by 2005. Allowing greater numbers of visitors could negatively impact the park’s natural resources. The Park Service is proposing new facilities and activities to forestall this potential problem. These include building a new viewing area, developing additional hiking trails, and expanding shuttle services to trailheads. Exploiting the shoulder months of May and September would also provide more opportunities. Some evidence indicates that an increasing number of visitors don’t even enter the park but instead take advantage of a growing number of other attractions that are developing on the periphery. Though certainly not yet the case, the park may eventually become just one among other attractions in the area.

In the longer run, if visitation continues to climb, alternative visitor destinations around the park may be necessary, and they are beginning to appear. An example is development taking place in Talkeetna. This community of 772, approximately 100 miles south of the Denali Borough, has always been the gateway for climbers and flightseers to Denali and the surrounding mountains. Now,

5 The Accommodations Mix In the Denali Borough



Source: Denali Borough

it is becoming a destination for many other travelers and possibly an alternative for potential Denali Park visitors. Other examples of such tourism development projects are the relatively new 238-room Mt. McKinley Princess Lodge (1997), 32 miles from Talkeetna at mile 133 on the Parks Highway, and the more recent addition to the Talkeetna Alaskan Lodge, now a 200-room facility, in Talkeetna. A dramatic increase in visitor activities accompanied these new hotels.

Other plans would absorb the growth in visitation closer to Denali National Park. They include developing more facilities on the southern end of the park. One proposal is to build a new road and visitor center overlooking the Tokositna River at the end of Petersville Road. This plan includes designing hiking trails with views of the Alaska Range. This proposal has generated significant opposition. Other proposals discussed were to build a rail system through

the park, and even a second road.

Although the park underpins growth in the Denali Borough's economy, it does not fully support the year-round resident population. Other staples in the local economy are mining, power generation, Clear Air Force Station, and public service. For year-round residents these industries provide the most stable employment. The oldest industry in the area is coal mining, which dates back to 1922.

Coal mining is a long-established tradition

The Nenana coalfields were discovered long before statehood. When the Alaska Railroad reached the area in 1918, commercial production became possible. Because of the Healy deposits, coal-fired power generation developed in downtown Fairbanks, on the military installations, and at the University of

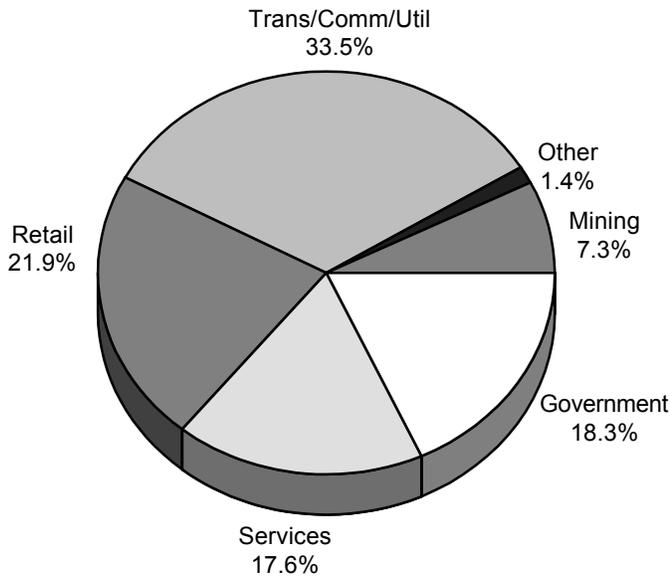
Denali Wage and Salary Employment by Industry

Annual averages, 1991 to 2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total Employment	762	977	1,283	1,209	1,256	1,420	1,638	1,713	1,738	1,810
Mining	112	118	120	124	123	141	134	131	134	132
Construction	11	13	15	16	17	8	6	8	23	15
Trans., Communication, Utilities	68	216	235	228	244	278	329	371	399	607
Trade	253	282	408	352	341	393	487	383	416	397
Finance, Insur., Real Estate	2	3	4	4	0	0	0	11	6	10
Services/Misc.	163	180	229	191	219	283	367	499	443	318
Hotels	121	133	159	125	141	240	274	251	242	259
Government	153	165	272	294	312	317	315	310	317	331
Federal	111	118	148	168	179	195	195	192	192	198
State	29	27	25	21	22	20	17	16	16	20
Local	13	20	99	105	111	102	103	102	109	113

Source: Department of Labor and Workforce Development, Research and Analysis Section

7 Wage & Salary Employment Denali Borough—2000



Source: Department of Labor and Workforce Development, Research and Analysis Section

8 The Top Employers in 2000 The Denali Borough

	Employer	Employment
1	Aramark Leisure Services	285
2	Arctec Services	208
3	U.S. Department of Interior	133
4	Alaska Hotel Properties	132
5	Usibelli Coal Mine	119
6	Denali Borough School District	83
7	U.S. Department of Defense	56
8	Golden Valley Electrical Association	44
9	Royal Highway Tours	32
10	Denali Bluffs Hotel	26
11	Denali National Park Wilderness Center	26
12	McKinley Denali Salmon Bake	17
13	Totem Enterprises	15
14	Tsesyu Inc.	14
15	Denali Smoke Shack	13
16	U.S. Department of Transportation	13
17	Sourdough Enterprises	12
18	Polar America Inc.	11
19	Evans Industries	11
20	Stampede Lodge/Bushmaster Grill	10

Source: Department of Labor and Workforce Development, Research and Analysis Section

Alaska Fairbanks. Today, these customers still buy Healy coal. Clear Air Force Station, near Anderson, joined the list in 1961. Since 1967, the Golden Valley Electric Association (GVEA) has produced electricity at its 25-megawatt mine-mouth plant in Healy. Today, this plant generates about 11 percent of the company's needs and employs 44 workers.

The Usibelli Coal Mine, founded in 1943 in Healy, became the state's single producer of coal in 1971. Exports to South Korea began in 1985. Today's mine production averages about 1.5 million tons of coal annually, half of which is destined for export. The Usibelli mine has maintained its status as one of the most important employers in the area for nearly 50 years. In 2000, it provided an average of 119 good paying jobs to local residents. (See Exhibit 8.) The mine also contributes directly to the borough's coffers with the value-linked severance tax. (See Exhibit 12.) While mine output has scarcely fluctuated in fourteen years, its production value has varied much more because the price of coal, when exported, is exposed to the swings of international markets.

Healy's Clean Coal Project is dormant

The vast coal deposit in Healy and rising power needs in Interior Alaska led to the construction of a new 50-megawatt power generating complex in Healy, called Healy's Clean Coal Project. Construction started in 1995 and ended in 1997. Budgeted costs exceeded \$267 million. Federal energy grants and investment from the Alaska Industrial Development and Export Authority funded the project. The plant is equipped with an innovative coal burning process that minimizes air pollution. But after testing and a re-evaluation of the process, the contracted operator of the plant, Golden Valley Electric Association, retreated from the agreement. The new plant's power generating process was deemed too expensive. A limited conventional retrofit of the process is currently

under investigation. If it becomes operable, the Usibelli mine will supply the plant with about 300,000 tons of coal annually.

The military plays a big role in the Denali Borough

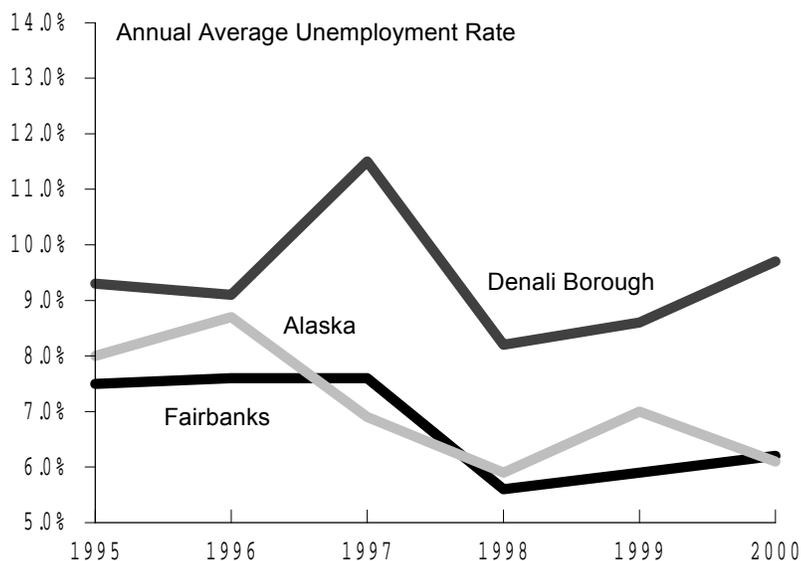
Clear Air Force Station is a radar surveillance site that detects and tracks sea-launched and intercontinental ballistic missile movement, and identifies space objects. In 1998, the Air Force launched a major radar upgrade program, a \$106.5 million project that was completed this spring. The station's mechanical radar system was replaced with a phased array warning system. This new equipment increased the station's mission capability and provided a more reliable warning system. Military personnel numbering about 115 form the 13th Space Warning Squadron. Station strength at Clear has stayed fairly constant over time because operation, security, and fire protection functions require a specific staff level.

The Denali Borough's third largest employer, Arctec Services, supplies base support to Clear Air Force Station. (See Exhibit 8.) Other contractors provide radar, technical, and other maintenance services. Combined, contract personnel and 56 civilians employed by the Department of Defense outnumber the uniformed contingent. During the past ten years, employment of the civilian workforce on base has changed little.

Public sector employment forms a steady base

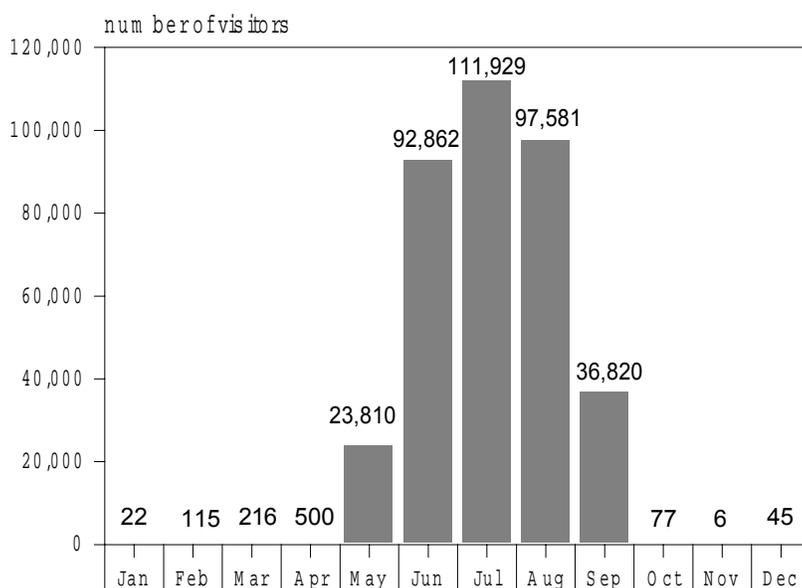
As is typical of core employment, the public sector's workforce in the Denali Borough has formed a solid and steady base. It employed 18 percent of all payroll workers, a small proportion of total employment compared to other labor regions in the state. Between 1995 and 1999 the size of the public workforce

Short Employment Season Raises unemployment 9



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

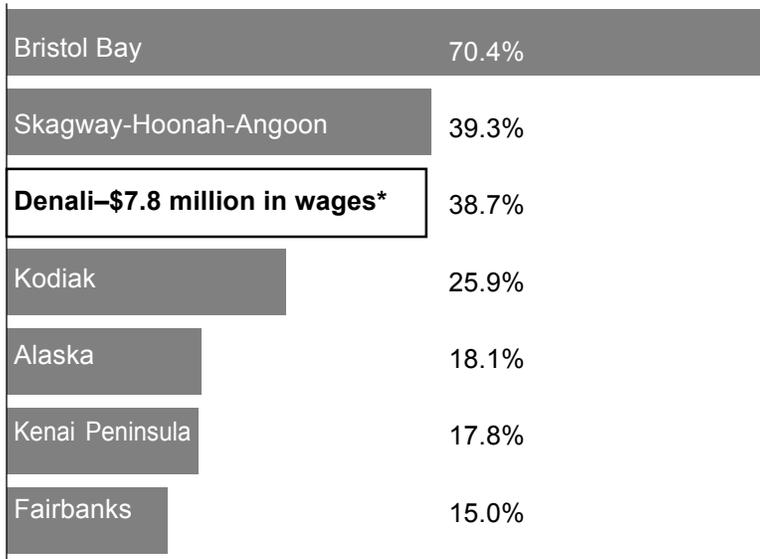
It Happens in Summer 10 In Denali National Park



Source: National Park Service

11 Nonresident Workforce is Large In the Denali Borough

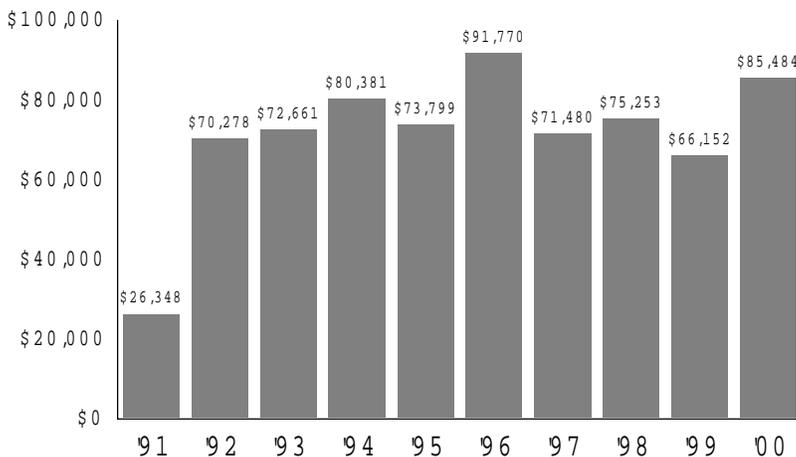
Alaska nonresidents as percent of private sector workforce



* earned by nonresidents

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

12 Coal Mining Helps Fill Public Coffers With severance tax revenue



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

changed little, and it grew only marginally in 2000. (See Exhibit 7.) The National Park Service is the largest and most seasonal among the public sector employers in the borough. Even in winter, the National Park Service retains a large group of employees. Another large public sector employer is the school district, whose staff level has remained practically the same over the past eight years. Borough school enrollment in 1993 stood at 373 but had dropped to 312 in October 2000.

Summary

Unique demographics characterize the Denali Borough's small resident population. Its economic base is surprisingly diverse. The Usibelli Coal Mine, Clear Air Force Station, the power plant and the public sector are the stable, and for the most part, predictable elements of the borough's economy. Denali National Park contributes a strong seasonal element to the economy and is responsible for most of the area's changing dynamics. Visitation to the park has grown so rapidly that capacity could become a problem in the near future. Various ways to address this problem are either being implemented or discussed. The Denali Borough is still young, and in contrast to many other rural areas in the state, its economic outlook remains bright.

Alaska's Economy Feels Force of Federal Dollars

Alaska Employment Scene

by
Neal Fried
Labor Economist

State is number one in per capita federal spending

The number of jobs this June ran 2,600 ahead of levels a year ago, or by less than one percent. That's an impressive number of jobs, but from a historical perspective, it is not a robust rate of growth.

Most of the explanation for this relatively soft figure is the dreariness of the manufacturing sector, weighed down by terrible timber numbers and weak fish processing activity. Timber's employment is down nearly 31 percent compared to year-ago levels. The salmon season got off to a slow start and seafood processing is down 14 percent or 1,400 jobs. Gains in oil and construction employment are helping lighten these losses. Strong growth in the service industry is also providing the labor market with a big boost. Even though the news

coming out of the visitor sector is mixed this season, hotel and lodging employment numbers are up slightly. Health care remains the service industry's big job generator — 1,000 more jobs than last year. Social services and other services are also strong players.

\$9,496 of federal money for every man, woman and child in Alaska

The increasing flow of federal funds has become a popular part of Alaska's economic conversation in recent years. Recent federal surpluses and generous appropriations are the reasons given for this dramatic increase in the federal government's role in Alaska's economy. Recently released federal government expenditure data affirms their magnitude.

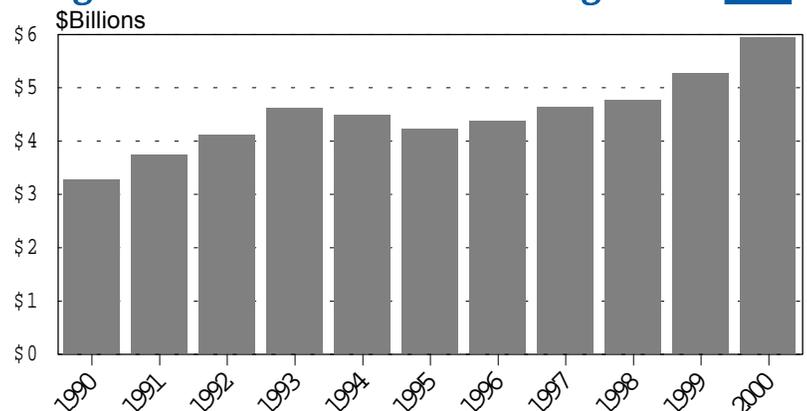
During fiscal year 2000, the federal government spent \$9,496 for every man, woman and child in the state—putting Alaska on *(continued on page 14)*

1 Alaska #1 in Per Capita Federal expenditures in 2000

1	Alaska	\$9,496
2	Virginia	\$8,859
3	Maryland	\$8,513
4	North Dakota	\$8,167
5	New Mexico	\$7,954
6	Hawaii	\$7,441
7	South Dakota	\$6,807
8	Alabama	\$6,570
9	Rhode Island	\$6,559
10	Montana	\$6,558
	U.S. Average	\$5,740

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Influx of Federal Funds is Big factor in recent economic growth 2



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

3 Nonagricultural Wage and Salary Employment

By place of work

Alaska	preliminary	revised	Changes from:			Municipality of Anchorage	preliminary	revised	Changes from:		
	6/01	5/01	6/00	5/01	6/00		6/01	5/01	6/00	5/01	6/00
Total Nonag. Wage & Salary	301,000	291,600	298,400	9,400	2,600	Total Nonag. Wage & Salary	140,400	137,900	138,200	2,500	2,200
Goods-producing	42,200	38,000	42,000	4,200	200	Goods-producing	13,800	12,800	13,000	1,000	800
Service-producing	258,800	253,600	256,400	5,200	2,400	Service-producing	126,600	125,100	125,200	1,500	1,400
Mining	11,600	11,300	10,000	300	1,600	Mining	3,000	3,000	2,600	0	400
Oil & Gas Extraction	10,000	9,800	8,400	200	1,600	Oil & Gas Extraction	2,800	2,800	2,400	0	400
Construction	17,100	14,900	16,600	2,200	500	Construction	8,500	7,600	8,100	900	400
Manufacturing	13,500	11,800	15,400	1,700	-1,900	Manufacturing	2,300	2,200	2,300	100	0
Durable Goods	2,600	2,500	3,100	100	-500	Transportation/Comm/Utilities	15,100	14,700	15,400	400	-300
Lumber & Wood Products	1,200	1,200	1,800	0	-600	Air Transportation	6,000	5,800	6,400	200	-400
Nondurable Goods	10,900	9,300	12,300	1,600	-1,400	Communications	3,700	3,700	3,700	0	0
Seafood Processing	8,100	6,600	9,500	1,500	-1,400	Trade	32,800	32,200	32,600	600	200
Transportation/Comm/Utilities	29,300	28,200	29,500	1,100	-200	Wholesale Trade	6,500	6,400	6,500	100	0
Trucking & Warehousing	3,200	3,000	3,100	200	100	Retail Trade	26,300	25,800	26,100	500	200
Water Transportation	2,500	2,200	2,500	300	0	Gen. Merchandise & Apparel	4,900	4,900	4,800	0	100
Air Transportation	10,000	9,500	10,300	500	-300	Food Stores	2,500	2,500	2,800	0	-300
Communications	5,500	5,400	5,500	100	0	Eating & Drinking Places	10,000	9,700	9,800	300	200
Electric, Gas & Sanitary Svcs.	2,900	2,800	2,900	100	0	Finance/Insurance/Real Estate	7,700	7,600	7,700	100	0
Trade	61,700	58,800	61,200	2,900	500	Services & Misc.	42,700	40,900	41,100	1,800	1,600
Wholesale Trade	9,000	8,700	9,000	300	0	Hotels & Lodging Places	3,400	3,100	3,300	300	100
Retail Trade	52,700	50,100	52,200	2,600	500	Business Services	7,700	7,200	7,500	500	200
Gen. Merchandise & Apparel	9,800	9,600	9,600	200	200	Health Services	9,900	9,800	9,100	100	800
Food Stores	6,700	6,500	7,100	200	-400	Legal Services	1,200	1,200	1,200	0	0
Eating & Drinking Places	19,200	17,900	18,800	1,300	400	Social Services	4,100	4,100	4,000	0	100
Finance/Insurance/Real Estate	13,100	12,700	13,200	400	-100	Engineering & Mgmt. Svcs.	5,600	5,400	5,500	200	100
Services & Misc.	81,100	76,500	79,000	4,600	2,100	Government	28,300	29,700	28,400	-1,400	-100
Hotels & Lodging Places	9,700	7,800	9,600	1,900	100	Federal	9,800	9,700	10,100	100	-300
Business Services	10,300	9,700	10,200	600	100	State	8,600	9,200	8,400	-600	200
Health Services	18,100	17,900	17,100	200	1,000	Local	9,900	10,800	9,900	-900	0
Legal Services	1,600	1,600	1,600	0	0						
Social Services	8,200	8,500	8,000	-300	200						
Engineering & Mgmt. Svcs.	7,700	7,300	7,700	400	0						
Government	73,600	77,400	73,500	-3,800	100						
Federal	17,300	16,800	18,000	500	-700						
State	21,700	23,300	21,300	-1,600	400						
Local	34,600	37,300	34,200	-2,700	400						

Notes to Exhibits 3, 4, & 5—Nonagricultural excludes self-employed workers, fishers, domestics, and unpaid family workers as well as agricultural workers. Government category includes employees of public school systems and the University of Alaska.

Exhibits 3 & 4—Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Exhibit 5—Prepared in part with funding from the Employment Security Division.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

4 Hours and Earnings

For selected industries

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	preliminary 6/01	revised 5/01	revised 6/00	preliminary 6/01	revised 5/01	revised 6/00	preliminary 6/01	revised 5/01	revised 6/00
Mining	\$1,492.43	\$1,517.25	\$1,300.48	48.9	51.0	50.8	\$30.52	\$29.75	\$25.60
Construction	1,306.44	1,227.07	1,261.33	45.6	44.8	45.8	28.65	27.39	27.54
Manufacturing	514.46	481.92	539.45	36.8	34.3	39.9	13.98	14.05	13.52
Seafood Processing	400.37	322.68	424.47	35.4	32.3	38.8	11.31	9.99	10.94
Transportation/Comm/Utilities	720.46	704.86	704.05	34.0	34.2	33.8	21.19	20.61	20.83
Trade	496.98	496.86	476.96	35.6	34.6	35.2	13.96	14.36	13.55
Wholesale Trade	690.17	741.99	685.81	38.6	39.7	38.9	17.88	18.69	17.63
Retail Trade	465.08	455.62	440.91	35.1	33.7	34.5	13.25	13.52	12.78
Finance/Insurance/Real Estate	621.28	614.59	600.91	35.3	35.2	35.1	17.60	17.46	17.12

Average hours and earnings estimates are based on data for full-time and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing). Averages are for gross earnings and hours paid, including overtime pay and hours.

Benchmark: March 2000

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

5 Nonagricultural Wage and Salary Employment

By place of work

Fairbanks North Star Borough

	preliminary 6/01	revised 5/01	Changes from:		
	6/00	5/01	6/00	5/01	6/00
Total Nonag. Wage & Salary	35,600	35,150	35,350	450	250
Goods-producing	3,900	3,450	3,750	450	150
Service-producing	31,700	31,700	31,600	0	100
Mining	1,100	1,050	950	50	150
Construction	2,150	1,800	2,100	350	50
Manufacturing	650	600	700	50	-50
Transportation/Comm/Utilities	3,400	3,150	3,450	250	-50
Trucking & Warehousing	700	650	650	50	50
Air Transportation	950	950	1,000	0	-50
Communications	350	350	400	0	-50
Trade	7,000	6,700	7,100	300	-100
Wholesale Trade	700	700	750	0	-50
Retail Trade	6,300	6,000	6,350	300	-50
Gen. Merchandise & Apparel	1,050	1,000	1,150	50	-100
Food Stores	600	550	600	50	0
Eating & Drinking Places	2,650	2,450	2,600	200	50
Finance/Insurance/Real Estate	1,250	1,200	1,300	50	-50
Services & Misc.	9,500	9,000	9,250	500	250
Hotels & Lodging Places	1,550	1,100	1,500	450	50
Health Services	2,100	2,100	2,000	0	100
Government	10,550	11,650	10,500	-1,100	50
Federal	3,500	3,400	3,550	100	-50
State	4,350	5,000	4,300	-650	50
Local	2,700	3,250	2,650	-550	50

Southeast Region

Total Nonag. Wage & Salary	39,000	37,500	39,250	1,500	-250
Goods-producing	5,250	4,850	5,600	400	-350
Service-producing	33,750	32,650	33,650	1,100	100
Mining	300	300	300	0	0
Construction	2,150	1,900	2,100	250	50
Manufacturing	2,800	2,650	3,200	150	-400
Durable Goods	1,150	1,150	1,550	0	-400
Lumber & Wood Products	800	750	1,300	50	-500
Nondurable Goods	1,650	1,500	1,650	150	0
Seafood Processing	1,350	1,150	1,350	200	0
Transportation/Comm/Utilities	3,600	3,250	3,550	350	50
Trade	7,350	6,800	7,250	550	100
Wholesale Trade	700	650	650	50	50
Retail Trade	6,650	6,150	6,600	500	50
Food Stores	1,350	1,300	1,400	50	-50
Finance/Insurance/Real Estate	1,350	1,300	1,350	50	0
Services & Misc.	9,300	8,750	9,350	550	-50
Health Services	1,750	1,750	1,700	0	50
Government	12,150	12,550	12,150	-400	0
Federal	1,850	1,800	1,950	50	-100
State	5,150	5,250	5,200	-100	-50
Local	5,150	5,500	5,000	-350	150

Northern Region

Total Nonag. Wage & Salary	16,200	16,250	15,300	-50	900
Goods-producing	6,300	6,100	5,400	200	900
Service-producing	9,900	10,150	9,900	-250	0
Mining	5,650	5,550	4,550	100	1,100
Oil & Gas Extraction	5,200	5,100	4,100	100	1,100
Government	4,150	4,500	4,200	-350	-50
Federal	200	150	150	50	50
State	300	300	300	0	0
Local	3,650	4,050	3,750	-400	-100

Interior Region

	preliminary 6/01	revised 5/01	Changes from:		
	6/00	5/01	6/00	5/01	6/00
Total Nonag. Wage & Salary	42,150	41,100	42,000	1,050	150
Goods-producing	4,250	3,750	4,100	500	150
Service-producing	37,900	37,350	37,900	550	0
Mining	1,250	1,200	1,100	50	150
Construction	2,300	1,900	2,250	400	50
Manufacturing	700	650	750	50	-50
Transportation/Comm/Utilities	4,550	4,250	4,650	300	-100
Trade	8,450	7,700	8,500	750	-50
Finance/Insurance/Real Estate	1,300	1,300	1,400	0	-100
Services & Misc.	10,750	10,050	10,550	700	200
Hotels & Lodging Places	2,150	1,550	2,050	600	100
Government	12,850	14,050	12,800	-1,200	50
Federal	4,050	3,950	4,200	100	-150
State	4,650	5,250	4,550	-600	100
Local	4,150	4,850	4,050	-700	100

Anchorage/Mat-Su Region

Total Nonag. Wage & Salary	155,400	152,050	152,450	3,350	2,950
Goods-producing	15,550	14,250	14,650	1,300	900
Service-producing	139,850	137,800	137,800	2,050	2,050
Mining	3,000	3,000	2,650	0	350
Construction	10,100	8,900	9,500	1,200	600
Manufacturing	2,450	2,350	2,500	100	-50
Transportation/Comm/Utilities	16,200	15,850	16,400	350	-200
Trade	36,650	35,850	36,200	800	450
Finance/Insurance/Real Estate	8,250	8,150	8,250	100	0
Services & Misc.	47,000	44,750	45,050	2,250	1,950
Government	31,750	33,200	31,900	-1,450	-150
Federal	9,950	9,850	10,400	100	-450
State	9,500	10,200	9,250	-700	250
Local	12,300	13,150	12,250	-850	50

Southwest Region

Total Nonag. Wage & Salary	17,500	16,800	18,100	700	-600
Goods-producing	3,800	3,450	4,500	350	-700
Service-producing	13,700	13,350	13,600	350	100
Seafood Processing	3,450	3,200	4,150	250	-700
Government	5,650	5,950	5,550	-300	100
Federal	350	300	350	50	0
State	550	550	500	0	50
Local	4,750	5,100	4,700	-350	50

Gulf Coast Region

Total Nonag. Wage & Salary	30,850	28,050	31,150	2,800	-300
Goods-producing	7,050	5,550	7,700	1,500	-650
Service-producing	23,800	22,500	23,450	1,300	350
Mining	1,300	1,250	1,350	50	-50
Oil & Gas Extraction	1,300	1,250	1,350	50	-50
Construction	1,700	1,400	1,650	300	50
Manufacturing	4,050	2,900	4,700	1,150	-650
Seafood Processing	3,200	2,100	3,750	1,100	-550
Transportation/Comm/Utilities	2,750	2,550	2,700	200	50
Trade	6,400	5,750	6,300	650	100
Wholesale Trade	650	550	650	100	0
Retail Trade	5,750	5,200	5,650	550	100
Eating & Drinking Places	2,100	1,800	2,050	300	50
Finance/Insurance/Real Estate	850	800	850	50	0
Services & Misc.	6,900	6,250	6,750	650	150
Health Services	1,200	1,150	1,200	50	0
Government	6,900	7,150	6,850	-250	50
Federal	850	800	900	50	-50
State	1,500	1,700	1,500	-200	0
Local	4,550	4,650	4,450	-100	100

6 Unemployment Rates

By region and census area

	Percent Unemployed		
	Not Seasonally Adjusted preliminary 06/01	revised 05/01	revised 06/00
United States	4.1	4.2	3.9
Alaska Statewide	5.5	5.6	6.4
Anch/Mat-Su Region	4.2	4.2	5.2
Municipality of Anchorage	3.7	3.8	4.7
Mat-Su Borough	6.4	6.4	7.6
Gulf Coast Region	7.5	8.7	8.4
Kenai Peninsula Borough	7.1	8.1	7.3
Kodiak Island Borough	9.6	10.8	13.2
Valdez-Cordova	6.0	8.4	6.0
Interior Region	5.6	5.8	6.7
Denali Borough	3.5	6.7	3.8
Fairbanks North Star Borough	5.0	5.1	6.1
Southeast Fairbanks	8.2	8.3	9.4
Yukon-Koyukuk	14.3	15.5	15.8
Northern Region	12.4	11.3	13.8
Nome	13.2	11.8	14.7
North Slope Borough	9.3	8.5	11.7
Northwest Arctic Borough	16.0	14.8	15.6
Southeast Region	5.4	5.7	6.0
Haines Borough	6.2	7.4	5.3
Juneau Borough	4.0	4.0	4.5
Ketchikan Gateway Borough	6.0	6.4	6.4
Prince of Wales-Outer Ketchikan	10.2	10.2	12.9
Sitka Borough	3.8	3.6	5.6
Skagway-Hoonah-Angoon	7.3	7.7	5.9
Wrangell-Petersburg	6.7	8.2	6.7
Yakutat Borough	13.3	15.4	13.9
Southwest Region	12.5	11.4	12.1
Aleutians East Borough	4.6	4.2	4.7
Aleutians West	13.6	10.8	8.9
Bethel	12.4	11.5	12.5
Bristol Bay Borough	7.9	7.2	12.9
Dillingham	9.1	9.2	9.4
Lake & Peninsula Borough	10.8	10.2	11.1
Wade Hampton	21.2	19.4	21.1
Seasonally Adjusted			
United States	4.5	4.4	4.0
Alaska Statewide	5.8	5.6	6.8

2000 Benchmark

Comparisons between different time periods are not as meaningful as other time series produced by Research and Analysis. The official definition of unemployment currently in place excludes anyone who has not made an active attempt to find work in the four-week period up to and including the week that includes the 12th of the reference month. Due to the scarcity of employment opportunities in rural Alaska, many individuals do not meet the official definition of unemployed because they have not conducted an active job search. They are considered not in the labor force.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

top of the list for per capita federal spending. (See Exhibit 1.) Alaska has historically fared well in per capita rankings for federal spending. However, in one year, from 1998 to 1999, Alaska made the impressive rise from number five in the nation to number one.

The increase in total spending is even more remarkable. It explains the power of the federal fiscal stimulus on Alaska's economy during the past three or four years. In 2000, the federal government spent \$5.9 billion in Alaska—a 40 percent or \$1.7 billion increase over what it spent in Alaska in 1995. (See Exhibit 2.) Comparing these figures over the past five years to the Alaska Permanent Fund, an institution credited with providing an important boost to the state's economy, shows their extraordinary nature. During that time period, Permanent Fund disbursements increased by \$584 million.

What has also changed is how this federal money is being spent. The share attributable to wages and salaries has declined. In 1993, wages and salaries were responsible for 35% or \$1.6 billion of federal expenditures compared to 23% or \$1.3 billion in 2000. Over time federal payroll expenditures in Alaska have declined in both adjusted and unadjusted dollars. The significant reduction in the civilian federal workforce and uniformed military that began in the mid-1990s is responsible for this trend.

Instead, what has fueled the increase in federal dollars to the state and has more than covered employment losses is the growth in federal grants, mostly to state and local governments and universities. These grants can also go to individuals and a variety of non-profit organizations. Examples of some of the larger grants in 2000 were \$362 million for highways, \$282 million for Medicaid, and \$312 million for Indian Health Services. Alaska received more than 400 separate grants. From crop disaster to clean village water, Head Start to AmeriCorps, the grant vehicle has enjoyed the largest gains in federal funds. Over a five-year period federal grants to Alaska nearly doubled, from \$1.2 billion in 1995 to \$2.2 billion in 2000.

Federal government helps fill in oil revenue gap

A sidebar to this increase in grants is its direct impact on the state's budget. In fiscal year 1990, state government received \$548 million in federal grants. By 2002 these grants had climbed to \$2.1 billion. These increases over the years have covered declines in other federal spending and gone a long way toward filling some gaps in the state budget left by declining oil revenues.

Refederalization of the state's economy?

For decades, federal influence waned while the oil industry and other players emerged in the state. Five years ago Alaska military bases were closing, the federal workforce was cut, and the federal government struggled with huge deficits. Now, the federal government's role has taken an amazing turn and is again a rising economic force.

Employer Resources

Many employers in Alaska are writing company personnel policies, preparing employee handbooks, and becoming as knowledgeable as possible in personnel management. This takes time, but the ultimate saving of time, costs, and production is well worth the investment. The site below is full of information, ideas and examples that will help in the development of your company policies. Click on: <http://www.job.state.ak.us/employer.html>

The screenshot shows the Alaska Job Center Network Employer Connection website. The main navigation menu includes: Job Order Options (Online Job Order, Email Job Order Form, Job Order by Fax (.pdf), Call the Anchorage Job Center, Contact an Alaska Job Center), Seafood Industry Employers, Alaska Employer Handbook, Business Services, DOL Links for Employers, Employer Banding, Employment Application List, Employment Related Posters, Employment Security Tax, Labor Standards and Minimum Wage, Tax Credits, Work Permit List, Unemployment Insurance, and Vocational Rehabilitation. A large arrow points to the 'Alaska Employer Handbook' link. Below the navigation menu, the 'Alaska Employer Handbook' page is displayed, featuring the Alaska Department of Labor and Workforce Development logo and the title 'Alaska Employer Handbook'. A second arrow points to the introductory text of the handbook. A third arrow points to a separate window titled 'Developing company policies', which contains the following text:

Developing company policies

The word from top management
Why written policy is necessary
What is a company policy?
How policies are made
Helpful tips for writing company policy
Preparing an introductory policy statement
Examples of company policies and benefits

Employers throughout Alaska are writing company personnel policies, preparing employee handbooks, and becoming as knowledgeable as possible in personnel management. They are requesting workshops on these subjects through their local Job Service Employee Committees, who may be reached through the local Alaska Employment Service Offices, or through other organizations. This initially takes time, but the ultimate saving of time, costs, and production is well worth the investment.

The word from top management Janet Egan
The company is most likely to achieve its goals if one or more representatives of top management appear at group orientation sessions to talk about company philosophy and expectations. These representatives should spell out exactly what employees can expect from management and vice versa. These official policy statements can be reinforced when they are printed in the employee handbook or included in an orientation packet.

Concerns involving human rights violations or wage and hour complaints can be frustrating, time consuming and costly. Faulty personnel practices can lead to judgments that order a company to restate an employee with back pay. Sometimes the employer must pay costly punitive damages as well.

The owner of the company is often unaware that problems exist, and would not knowingly have policies that invite such problems. Company personnel policies must be well thought out, clearly understood and consistently followed by supervisors and all personnel. This avoids discussion among employees, loss of morale, and the time and production loss caused by absences, turnover, and accidents.

Many businesses in Alaska were started by enterprising individuals with specific talents, skills and service capabilities. Some of these entrepreneurs are excellent managers. Others learn their management lessons the hard way—particularly the technical aspects of personnel management. By their own admission, management skills are often learned by trial and error, these lessons can be very costly.

Why written policy is necessary Dale Chase
The primary reason for written policy is the need for management, supervisors and all employees to understand and follow the same methods of operation. Written policies help reduce the common need for management, supervisor and employee to clarify directions. They create consistent, consistent and uniform policies for the organization. They must also be specific.